

AN ACT concerning insurance.

Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:

Section 5. The Illinois Insurance Code is amended by  
changing Sections 500-10 and 500-135 and adding Section  
500-107 as follows:

(215 ILCS 5/500-10)

Sec. 500-10. Definitions. In addition to the  
definitions in Section 2 of the Code, the following  
definitions apply to this Article:

"Business entity" means a corporation, association,  
partnership, limited liability company, limited liability  
partnership, or other legal entity.

"Car rental limited line licensee" means a person  
authorized under the provisions of Section 500-105 to sell  
certain coverages relating to the rental of vehicles.

"Home state" means the District of Columbia and any state  
or territory of the United States in which an insurance  
producer maintains his or her principal place of residence or  
principal place of business and is licensed to act as an  
insurance producer.

"Insurance" means any of the lines of authority in  
Section 500-35, any health care plan under the Health  
Maintenance Organization Act, or any limited health care plan  
under the Limited Health Service Organization Act.

"Insurance producer" means a person required to be  
licensed under the laws of this State to sell, solicit, or  
negotiate insurance.

"Insurer" means a company as defined in subsection (e) of  
Section 2 of this Code, a health maintenance organization as  
defined in the Health Maintenance Organization Act, or a

limited health service organization as defined in the Limited Health Service Organization Act.

"License" means a document issued by the Director authorizing an individual to act as an insurance producer for the lines of authority specified in the document or authorizing a business entity to act as an insurance producer. The license itself does not create any authority, actual, apparent, or inherent, in the holder to represent or commit an insurance carrier.

"Limited lines insurance" means those lines of insurance defined in Section 500-100 or any other line of insurance that the Director may deem it necessary to recognize for the purposes of complying with subsection (e) of Section 500-40.

"Limited lines producer" means a person authorized by the Director to sell, solicit, or negotiate limited lines insurance.

"Negotiate" means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms, or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from insurers for purchasers.

"Person" means an individual or a business entity.

"Rental agreement" means a written agreement setting forth the terms and conditions governing the use of a vehicle provided by a rental company for rental or lease.

"Rental company" means a person, or a franchisee of the person, in the business of providing primarily private passenger vehicles to the public under a rental agreement for a period not to exceed 30 days.

"Rental period" means the term of the rental agreement.

"Renter" means a person obtaining the use of a vehicle from a rental company under the terms of a rental agreement

for a period not to exceed 30 days.

"Self-service storage facility limited line licensee"  
means a person authorized under the provisions of Section  
500-107 to sell certain coverages relating to the rental of  
self-service storage facilities.

"Sell" means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of an insurance company.

"Solicit" means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular company.

"Terminate" means the cancellation of the relationship between an insurance producer and the insurer or the termination of a producer's authority to transact insurance.

"Uniform Business Entity Application" means the current version of the National Association of Insurance Commissioners' Uniform Business Entity Application for nonresident business entities.

"Uniform Application" means the current version of the National Association of Insurance Commissioners' Uniform Application for nonresident producer licensing.

"Vehicle" or "rental vehicle" means a motor vehicle of (1) the private passenger type, including passenger vans, mini vans, and sport utility vehicles or (2) the cargo type, including cargo vans, pickup trucks, and trucks with a gross vehicle weight of less than 26,000 pounds the operation of which does not require the operator to possess a commercial driver's license.

(Source: P.A. 92-386, eff. 1-1-02.)

(215 ILCS 5/500-107 new)

Sec. 500-107. Self-service storage facility limited line  
license for self-storage facilities.

(a) Except as permitted by subsection (j) of this

Section, a self-service storage facility must obtain a producer license or obtain a self-service storage facility limited line license before offering or selling insurance in connection with and incidental to the rental of storage space provided by a self-service storage facility. The sale of insurance may occur at the rental office or by preselection of coverage in a master, corporate, group rental, or individual agreement. The following general categories of coverage may be offered or sold:

(1) insurance that provides hazard insurance coverage to renters for the loss of, or damage to, tangible personal property in storage or in transit during the rental period; or

(2) any other coverage the Director may approve as meaningful and appropriate in connection with the rental of storage space.

(b) Insurance may not be offered by a self-service storage limited line producer pursuant to this Section unless:

(1) the self-service storage facility has applied for and obtained a self-service storage facility limited line license;

(2) at every rental location where rental agreements are executed, brochures or other written materials are readily available to the prospective renter that:

(A) summarize clearly and correctly the material terms of coverage offered to renters, including the identity of the insurer;

(B) disclose that the coverage offered by the self-service storage facility may provide a duplication of coverage already provided by the renter's personal homeowner's insurance policy, automobile insurance policy, personal liability

insurance policy, or other source of coverage;

(C) state that the purchase by the renter of the kinds of coverage specified in this Section is not required in order to rent storage space; and

(D) describe the process for filing a claim in the event the consumer elects to purchase coverage and in the event of a claim; and

(3) evidence of coverage is provided to each renter who elects to purchase the coverage.

(c) A self-service storage facility limited line license issued under this Section shall also authorize any employee of the self-service storage facility limited line licensee to act individually on behalf and under the supervision of the self-service storage facility limited line licensee with respect to the kinds of coverage specified in this Section.

(d) A self-service storage facility licensed pursuant to this Section must conduct a training program in which employees being trained shall receive basic instruction about the kinds of coverage specified in this Section and offered for purchase by prospective renters of storage space.

(e) Notwithstanding any other provision of this Section or any rule adopted by the Director, a self-service storage facility limited line producer pursuant to this Section is not required to treat moneys collected from renters purchasing insurance when renting storage space as funds received in a fiduciary capacity, provided that the charges for coverage shall be itemized and ancillary to a rental transaction.

(f) The sale of insurance not in conjunction with a rental transaction shall not be permitted.

(g) A self-service storage facility limited line producer under this Section may not advertise, represent, or otherwise hold itself or any of its employees out as licensed insurers, insurance producers, insurance agents, or insurance

brokers.

(h) Direct commissions may not be paid to self-service storage facility employees by the insurer or the customer purchasing insurance products. The self-service storage facility may include insurance products in an overall employee performance compensation incentive program.

(i) An application for a self-service storage facility limited line license must be made on a form specified by the Director.

(j) Nothing contained in this Section shall prohibit an unlicensed person from enrolling, issuing, or otherwise distributing certificates of insurance under a group master policy lawfully issued in this or another state when:

(1) the enrollment or distribution is by an employee of the group master policyholder;

(2) no commission is paid for such enrollment or distribution;

(3) the distribution is incidental and ancillary to the primary rental business of the group master policyholder; and

(4) the group master policy is sold to the group master policyholder by a licensed producer.

(k) Nothing in this Section applies to or affects common carriers regulated by the Illinois Commerce Commission.

(215 ILCS 5/500-135)

Sec. 500-135. Fees.

(a) The fees required by this Article are as follows:

(1) a fee of \$150 payable once every 2 years for an insurance producer license;

(2) a fee of \$25 for the issuance of a temporary insurance producer license;

(3) a fee of \$50 payable once every 2 years for a business entity;

(4) an annual \$25 fee for a limited line producer license issued under items (1) through (7) of subsection (a) of Section 500-100;

(5) a \$25 application fee for the processing of a request to take the written examination for an insurance producer license;

(6) an annual registration fee of \$500 for registration of an education provider;

(7) a certification fee of \$25 for each certified pre-licensing or continuing education course and an annual fee of \$10 for renewing the certification of each such course;

(8) a fee of \$50 payable once every 2 years for a car rental limited line license;

(9) a fee of \$150 payable once every 2 years for a limited lines license other than the licenses issued under items (1) through (7) of subsection (a) of Section 500-100, ~~or a car rental limited line license, or a self-service storage facility limited line license;~~

(10) a fee of \$50 payable once every 2 years for a self-service storage facility limited line license.

(b) Except as otherwise provided, all fees paid to and collected by the Director under this Section shall be paid promptly after receipt thereof, together with a detailed statement of such fees, into a special fund in the State Treasury to be known as the Insurance Producer Administration Fund. The moneys deposited into the Insurance Producer Administration Fund may be used only for payment of the expenses of the Department in the execution, administration, and enforcement of the insurance laws of this State, and shall be appropriated as otherwise provided by law for the payment of those expenses with first priority being any expenses incident to or associated with the administration and enforcement of this Article.

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(Source: P.A. 92-386, eff. 1-1-02.)